CONTRIBUTIONS OF THE NIGERIAN EXPORT PROMOTION COUNCIL (NEPC) IN EXPORT PROMOTION.

BY

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BEING A THESIS SUBMITTED TO THE SCHOOL OF POST GRADUATE STUDIES, AHMADU BELLO UNIVERSITY ZARIA IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF MASTER OF SCIENCE (M.SC) DEGREE IN PUBLIC ADMINISTRATION.

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DECLARATION

I, Omijie Paul Isaac declare that this thesis was written by me and is a record of my own research work. It has been submitted in partial fulfillment of M.Sc degree in Public Administration. All sources of Information collected for the entire write-up are clearly acknowledged by means of bibliography.

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Omijie Paul Isaac **Date**

CERTIFICATION

This thesis titled "Contributions of the Nigerian Export Promotion Council (NEPC) in Export Promotion" meets the regulations governing the award of Master of Science (M.Sc) Degree in Public Administration, of the Ahmadu Bello University, Zaria and is approved for its contribution to knowledge and literary presentation.

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This thesis is dedicated to my parents- Mr. and Mrs. Isaac Omijie

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ABSTRACT

Exports play a crucial role in the growth of any economy. It is an avenue for raising national income of the country. However, in Nigerian, oil export accounts for over 90 percent revenue to the government while non-oil export is less than 10 percent. This thesis therefore examines the performance of non-oil exports over the years as well as the reason for that pattern of performance. The Nigerian Export Promotion council (NEPC) is the organization saddled with the responsibility of promoting exports in the country. The ability of this organization to meet its mandate will facilitate the diversification of the economy. The fact remains that oil and non-oil exports are like the two sides of a coin. Both can be good sources of revenue to the government if adequate attention is given to them. Both primary and secondary sources of data were used for the research work while chi-square statistical technique was used to test the hypotheses. The finding shows that there is a slight increase in non-oil exports and that NEPC is not a total failure. However, the growth in non-oil exports is not satisfactory. Some of the challenges of NEPC include insufficient funds and inadequate incentives to boost exports. It was therefore, recommended that NEPC should be strengthened and adequately funded so that it can carry out her programmes effectively and efficiently in order to meet with the radically changed international trading environment. Besides, government should provide more incentives and create the conducive environment for export activities to thrive.

TABLE OF CONTENTS

CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Study

Export is a potent strategy for mutual inter-dependence among nations of the world. It is an engine of growth and an instrument for technological and industrial advancement.

Practically, all human beings realize that they are not Islands unto themselves, and that they benefit from living with, and trading with other people. The same is true of nations. They too must interact with one another. No nation can be an Island unto itself.

The dynamics of the world economy and trading environment is continually being shaped by fierce competition among trading nations under the impetus of revolutionary changes in information and communication technology resulting in significant changes in the structure of exports of leading countries in international trade.

The development and promotion of non-oil export on a sustainable basis in Nigeria becomes critical taking into cognizance the huge natural resources in the country and export potentials outside the oil sector that can provide vast employment opportunities and sustain the non-oil economy.

Historically, trade has contributed to optimal allocation of resources within countries and the transmission of growth from one part of the world to the other (Iyoha 1995). The growth records of countries like Singapore, China, Malaysia and Thailand are commonly cited as examples of countries that achieved economic growth through trade. (Giles and Williams 2000). Although one cannot conclude that the growth of an economy is caused only by the expansion of exports or increased openness as there are numerous growth determining variables such as investment, saving and technical progress among others.

Over the years, successive administrations have pursued the objectives of economic diversification and self reliance. However, the economy is yet to be fully diversified. Crude oil exports account for over 90 percent of foreign exchange earnings. Also more than 50 percent of industrial raw material and significant amount of consumer goods are imported (CBN 2009).

Economic diversification implies a conscious effort by the government to improve and restructure the economy thereby creating different avenues of generating revenue which in turn will reduce our dependence on crude oil.

In Nigeria the exports earning is expanding on the average but the composition of the exports is the area of concern. As earlier mentioned, over 90% of Nigeria's export earning is accrued from the oil exports while the non-oil exports account for less than 10%. (CBN Statistical Bulletin 2009) the disparity is risky to the country's economy.

It is against this background that the government decided to revive the non-oil exports by the liberalization of trade with some incentives to stimulate growth of non-oil exports for a sustainable economic growth of Nigeria.

Some of these measures include the federal government's institutional support through the establishment of the Nigerian Export Promotion Council (NEPC) in 1976 with the mandate to promote non-oil exports thereby diversifying the economy. However, the gap between oil exports and non-oil exports in the country is on the increase.

1.2 **Statement of the Problem**

Generally, exportation is required by any economy to enhance revenue and usher in economic growth and development. It is therefore crucial for economic progress and this has informed the idea of export-led growth. Export is a catalyst necessary for the overall development of an economy. In other words, foreign trade creates an avenue for foreign capital

to flow into a country (Aboustrait 2005). This will increase the earning of the country thereby creating an opportunity for growth by raising the national income of the country.

However, Nigeria is yet to attain the ranks of a developed economy due to lack of structural change, among other factors. One factor crucial to this lack of economic progress is the lack of economic diversity which has caused the economy to rely heavily on crude oil for revenues and as the major export commodity in the economy (Osuntogun 1997). Prior to the 1970s, Nigeria's exports were predominantly non- oil commodities with agricultural commodities accounting for the lion's share.

However, in the 1970s when the price of crude oil in the international Market sky rocketed, the share of non-oil exports began to fall and has remained low ever since. This is mainly due to the money spinning nature of oil exports which makes it more profitable to export oil and less profitable to export non-oil commodities. This has caused a rather heavy dependence on the oil sector and the proceeds from the exportation of crude oil. This heavy reliance subjects the country to difficulties when the price of crude oil is low in the international market. In the light of this, the government adopted various strategies to boost non-oil exports and stabilize the economy. One of such strategies is the establishment of the Nigerian Export Promotion

Council (NEPC) in 1976. In spite of these efforts, the performance and contribution of the non-oil export sector has remained very low. The sector has continued to perform below its full potentials. The research therefore is carried out to examine export promotion strategies of NEPC and the factors affecting them.

1.3 Objectives of the Study

The objectives of this study are to:

i. Examine the promotion strategies of the Nigerian Export Promotion Council (NEPC).

ii. Determine the factors affecting the achievement of NEPC's programmes.

iii. Give recommendation on how NEPC can be more effective and efficient.

1.4 Significance of the Study

The need to diversify the country's export base and strengthen its non-oil sector as a way of achieving poverty eradication cannot be over-emphasized.

Most developing countries make export promotion a priority in order to achieve economic development goals. Government, therefore, expects that sustained export-promotion and development effort will help earn additional

foreign exchange needed to cover the cost of imports, solve balance of payment problems, help reduce the burden of increased foreign indebtedness and create additional employment for the people.

Much have been documented on the Nigerian economy especially in the area of agriculture, inflation, privatization etc however, this research is different because it is concerned with export development in Nigeria. The need for an organization to spearhead and ensure the attainment of the objectives of boosting non-oil exports cannot be over-emphasized. The Nigerian Export Promotion Council (NEPC) is the agency of government saddled with the responsibility of encouraging and promoting export activities in the country there is therefore the need to understand the role of the organization as well as its constraints.

Finally, it will contribute to knowledge and serve as a reference material to other students who may wish to make further research in this field of study.

1.5 **Statement of Hypotheses**

For the purpose of this study, the following hypotheses will be tested:

i. That there is a significant relationship between NEPC's programmes and export promotion.

ii. That there is a significant relationship between government incentives on export and export growth.

1.6 Scope and Limitation

This research is on export promotion in Nigeria. However, the scope is restricted to the activities of the Nigerian Export Promotion Council (NEPC), while the period is from 2000 to 2010. The reason for choosing this period is because this was when the Obasanjo's government tried to improve export production by restructuring agencies like NEPC in order to make them more effective and efficient.

The main limitation is the difficulty in gaining access to certain information needed. It was also not easy to gain access to some of the staff of NEPC.

1.7 Definition of Terms Relevant to the Study

i. **Export**: As used in the research, this refers to the business or action of selling and transporting goods to a foreign country.

ii. **Export promotion**: These are the various strategies that are put in place in order to encourage or facilitate export activities in the country.

iii. **Export growth**: This means sustainable increase in export trade.

iv. **Oil exports**- This refers to the sale of crude oil to other countries.

v. **Non-oil exports**: These are products which are produced within the country in the agricultural, mining and industrial sectors that are sent outside the country in order to generate revenue for the growth of the economy excluding oil products.

vi. **Import**: Is the act of bringing goods or services from a foreign country into ones own country.

vii. **Diversification**: This means to have different sources of income from abroad apart from the sale of petroleum products. As used in the research, it also means given more attention to non oil exports.

viii. **Economy**: This has to do with the relationship between production, trade and the supply of money in the country.

ix. **Liberalize**: This is the removal of any restriction to trade in order to facilitate foreign business.

x. **Incentives**: This refers to the various policies or measures made to boost export trade. Incentives could be financial or non financial.

xi. **Commodities**: This has to do with goods bought or sold.

1.8 Structure of the Work

The entire research work is subdivided into five chapters.

Chapter one consists of the general introduction of the work which shall include background of the study, statement of the problem, objectives

of the study, hypotheses, scope and limitation, definition of terms relevant to the study as well as structure of the work.

Literature Review and theoretical framework shall constitute chapter two, where conceptual issues, theoretical and empirical literature are discussed.

Chapter three is Research Methodology, which will include population of the study, sample size and sampling technique, method of data collection, method of data analysis as well as justification of the method used.

Data presentation and analysis, testing of hypotheses, as well as major findings will constitute chapter four.

Chapter five will take care of summary, conclusion and recommendation.

CHAPTER TWO

2.0 LITERATURE REVIEW AND THEORETICAL FRAMEWORK

2.1 Literature Review

Exports are the goods and services produced in one country and sold to earn foreign exchange which can be used to purchase goods and services from another country thus leading to specialization (Jafiya 2004). In the present day of growing interdependence among the world economies through the process of globalization and trade liberalization, no country can stand alone or live in isolation. This is because most trade and development theories show the certainty of increased productivity and welfare improvement once an economy engages in bilateral or multi-lateral trade. Equally important is the nature of the trade as well as the type of commodities that are traded. Therefore a review of earlier works done in the area of economic diversification and export promotion is made in this part of the research work.

2.2 Concept of Economic Diversification

Economic diversification is generally taken as the process in which a growing range of economic output is produced. It can also be referred to the diversification of markets for exports or diversification of other sources of income.

For example, Nigeria is richly endowed with many natural resources that could be harnessed for the optimum benefit of the people thereby leading to an improved standard of living in the country.

Similarly, the World English Dictionary defines diversification as the practice of varying products, operations etc. in order to spread risk, to expand or spare capacity etc. it is also the act of manufacturing a variety of products, investing in a variety of products, investing in a variety of securities, selling of variety of merchandise so that a failure in, or an economic slump affecting one of them will not be disastrous.

Onayemi and Akintoye (2009) observed that the structure and direction of trade in the country must be carefully tailored such that the economy will not depend on only one sector for the supply of needed foreign exchange.

Economic activity is risky. However, when returns across economic sectors are imperfectly correlated and insurance is unavailable, diversification can reduce the economic impact of shocks. Therefore, despite the well known benefit of specialization, the risk of too little diversification have long been acknowledged. Indeed several theories view the trade off between specialization and diversification in the presence of uninsurable shocks as a key determinant of economic development.

Furthermore, diversification reduce both the upside and downside potential, and allows for more consistent performance under a wide range of economic conditions. It is a strategy designed to reduce exposure to risk by combining a variety of investments in order to facilitate economic growth.

2.3 **Rationale for Export Diversification**

Diversification of export will increase foreign exchange earnings. It will also improve balance of payment position, creates employment and development of export oriented industries and as well improve government revenue through taxes, levies and tariffs. These benefits will in turn enhance the process of growth and development in such economy. However, before these benefits can be fully realized, the structure of exports must be diversified so that the economy does not depend only on crude oil for the supply of foreign exchange. In the same vein, Abebefe (1995) noted that Nigeria's over-dependence on crude oil is dangerous because crude oil is a wasting asset with a proven reserve which will eventually become depleted. Besides, fluctuations in the oil market can also affect the revenue of the country.

In their research on the potentials for diversifying Nigeria's non-oil export, (Osuntokun and Edordu) 2001 found out that Nigeria could not fully utilize its potential because the implementation of export promotion policies

followed key market concentration strategy, that is, concentration on developed countries like Europe or USA, thereby resulting in less affection to gathering trade facilitating information that may diversify Nigeria's export market to less developed countries in sub-saharan Africa. This interregional trade, if conducted, will require lower transportation costs and enhance the competitiveness of commodities traded and ensure market clearing of export commodities thereby reducing such problems faced by exports to developed countries.

Lyakurwa (1991) posited that export diversification is important because it will play an important role in reducing the variability of the export earnings of developing countries and raising the growth rates of both exports and domestic output. However, he warned that the composition of a diversifying country's exports has to match the import structure of the target countries.

According to the world trade organization (2010), diversification of countries exports increases local production, employment, income and economic growth. This implies that increased in export business can be of great benefit to the country.

2.4 Concept of Economic Development

Economic development is the development of economic wealth of countries or region for the well-being of their inhabitants (Joan 1990)

Economic growth and development are two different terms used in economics. Generally, economic development refers to the problems of underdeveloped countries and economic growth to those of developed countries (Perry 2000).

The term economic development refers simply to achievements by poor countries of higher levels of real per capita income and of improved conditions of living for their people. It refers to a process of economic growth, the central objective of the process being higher and rising real per capita income for that economy.

Rodney (1972) defined economic development as a process where a society develops economically as its members increase jointly their capacity for dealing with the environment. Economic development should not be seen as purely an economic affair but rather as an overall social process out of man's efforts to deal with his natural environment.

Similarly Jhigan (2000), defined economic development standards. It implies increased per capita income, better education and health as well as

environmental protection. He also defined it in terms of an increased in the economy's real national income over a long period of time.

Furthermore, Buchaman and Ellis (1995) defined economic development as income potentialities of the underdeveloped areas as well as to augment those productive resources which promise to raise real income per person.

As earlier mentioned, economic development is not the same as economic growth. It means more than mere growth of the economy in terms of increased output. It is the process of increasing real per capita income of engineering substantial positive transformation in the various sectors of the economy (Anyawancha 2005).

The positive change which takes place improves the general well being of the standard of living of the masses. With economic development there is structural transformation in the different sectors of the economic activities and in different areas of the country, leading to increased economic welfare of the citizens.

2.4.1 Indicators of Economic Development

Developing countries, according to Hardwick (1994) are normally characterized by a number of key economic indicators. These include:

i. Gross National Income (GNI)

ii. Gross Domestic Product (GDP)

iii. Large Agricultural Sector

iv. High Population Growth Rate

v. Low Capital-Labour Ratio

vi. Foreign Private Investment

i. **Gross National Income (GNI) per capita**: GNI is the sum of value added by all resident producers plus any product taxes (less subsidies) not included in the valuation of output plus net receipts of primary income (compensation of employees and property income) from abroad. Data is mostly in current U.S. dollars, converted from countries' respective national currencies using the Atlas method, which uses a three-year average of exchange rates to smooth effects of transitory exchange rate fluctuations. The World Bank favors the Atlas method for comparing the relative size of economies and uses it to classify countries in low, middle and high-income categories and to set lending eligibilities in order to reduce short-term fluctuations in country classification. In its world Development Report 2010, the World Bank defined:

Low-income economies as those with a GNI per capita of $995 or less in 2009.

Middle income economies as those with GNI per capita of more than $995 but less than $12,195 in 2009.

High-income economies as those with a GNI per capita of $12,195, or more in 2009. The low-income and middle-income economies are sometimes referred to as developing economies. While high-income economies are referred to as developed economies.

Nigeria's Gross National income (GNI) Per Capita

Year	GNI per capita ($ thousands)	Year	GNI per capita ($ thousands)
1980	389	1995	3007
1981	439	1996	3140
1982	531	1997	3845
1983	61	1998	4201
1984	699	1999	4623
1985	731	2000	4991
1986	854	2001	5267
1987	900	2002	5893
1988	1001	2003	6254
1989	1129	2004	6811
1990	1450	2005	7101
1991	1941	2006	7549
1992	2189	2007	8100
1993	2346	2008	8721
1994	2698	2009	9003

Source: World Development Indicator World Bank, 2009

ii. **Gross Domestic Product (GDP):** GDP is sum of gross value added, at purchaser prices converted at market exchange rates to current U.S. dollars, by all resident producers in the economy plus any product taxes (less subsidies) not included in the valuation, of output It is

calculated without deducting for depreciation of fabricated capital assets or for depiction and degradation of natural resources. GDP is equal to GNI less net receipts of primary income. Value added is the net output of an industry after adding up all outputs and subtracting intermediate inputs. The World Bank does not use this measure for classification of countries into income groups or poverty levels, as it is subject to distortions caused by short-term exchange rate fluctuations, policies, and interventions. However, GDP measured in constant, local currency units provides the basis for estimates of overall economic growth.

Nigeria's Gross Domestic Product (GDP)

Year	GDP (₦ Millions)	Year	GDP (₦ Millions)
1980	49,632.3	1995	1,933,211.6
1981	47,619.7	1996	2,702,719.1
1982	49,069.3	1997	2,801,972.6
1983	53,107.4	1998	2,708,430.9
1984	59,622.5	1999	3,194,015.0
1985	67,908.6	2000	4,582,127.3
1986	69,147.0	2001	4,725,086.0
1987	105,222.8	2002	6,912,381.3
1988	139,085.3	2003	8,487,031.6
1989	216,797.5	2004	11,411,066.9
1990	267,505.0	2005	14,572,239.1
1991	312,139.7	2006	18,564,594.7
1992	532,613.8	2007	20,657,317.7
1993	683,869.8	2008	24,296,329.3
1994	899,863.2	2009	24,712,669.9

Source: Central Bank of Nigeria Statistical Bulletin, 2009
Source: International Monetary Fund- 2010 World Economic Outlook

iii. **Large Agricultural Sector**: Developing economies typically have a relatively large proportion of the labour force engaged in agriculture. In most cases, a significant part of the rural population will be engaged in subsistence agriculture. The food and other agricultural outputs are normally consumed within the family and are not marketed.

World Bank estimates indicate that most African countries derive 60 percent of their GDP from agriculture. As the economies of low-income countries develop, the share of agriculture in total output and employment declines, and the shares of industry and services increases.

Index of Agricultural produce in Nigeria 1980 – 2009

Year	Index of agricultural produce	Year	Index of agricultural produce
1980	92	1995	216
1981	95	1996	224
1982	98	1997	234
1983	93	1998	242
1984	100	1999	249
1985	14	2000	258
1986	18	2001	244
1987	116	2002	251
1988	138	2003	263
1989	153	204	276
199	167	2005	293
1991	191	2006	309
1992	206	2007	307
1993	211	2008	311
1994	209	2009	317

Source: Central Bank of Nigeria Statistical Bulletin 2009

iv. **High Population Growth Rate**: Poor countries often display high rates of population which may be partly due to traditional attitudes towards large families (for example as a source of help in carrying out tasks or as a source of prestige). The population growth rate of a country is important in economic development. This is because a growing population, and hence a growing labour force, not only poses problems for -full employment policies in less developed countries like Nigeria, it also has a direct effect on living standards and

society's welfare. It also imposes severe strains on limited social facilities, such as education, health and housing.

Nigeria's Population and its growth rate

Year	Population in millions	Population growth Rate in %	Year	Population in millions	Population growth Rate in %
1980	64.7	0	1995	99.5	2.79
1981	66.8	3.25	1996	102.3	2.81
1982	68.4	2.4	1997	105.2	2.83
1983	70.7	3.36	1998	108.2	2.85
1984	73.0	3.25	1999	111.8	3.32
1985	75.5	3.42	2000	115.2	3.07
1986	77.9	3.18	2001	118.8	3.11
1987	80.5	3.34	2002	122.4	3.00
1988	83.2	3.34	2003	125.8	2.84
1989	84.9	2.04	2004	129.1	2.56
1990	86.7	2.12	2005	132.6	2.75
1991	89.0	2.65	2006	140	2.75
1992	91.0	2.25	2007	141.3	2.75
1993	94.1	3.14	2008	143.9	2.75
1994	96.8	2.87	2009	147.8	2.75

Source: Central Bank of Nigeria Statistical Bulletin 2009
Federal Office of Statistics: Facts and Figures 2008

v. **Low capital- labour ratio**: A developing country like Nigeria is generally characterized by a low capital-labour ratio; the lack of capital limits the country's ability to employ modern production techniques. A farmer in a developing country might employ a large number of workers with some tools and equipment, rather than the

Combine harvester that would be used in most high income countries, such as Canada and the United States.

Index of Average capacity utilization 1980 – 2009

Year	Average capacity Utilization (%)	Year	Average capacity Utilization (%)
1980	70.1	1995	29.29
1981	73.3	1996	32.46
1982	63.6	1997	30.4
1983	49.7	1998	32.4
1984	43.0	1999	34.6
1985	38.3	2000	36.1
1986	38.8	2001	42.7
1987	40.4	2002	54.9
1988	42.4	2003	56.5
1989	43.8	2004	55.7
1990	40.3	2005	54.80
1991	42.0	2006	53.30
1992	38.1	2007	53.38
1993	37.2	2008	53.84
1994	30.4	2009	53.52

Source: Central Bank of Nigeria statistical Bulletin 2009

vi. **Foreign Private Investment:** Foreign private investment in less developed countries is undertaken by multinational corporations (MNCs) mainly in extractive and manufacturing industries. In the 1960s and 1970s, it appears that investment by MNCs became less welcome to some countries. There have been some criticisms, for example, that in many cases the net contribution to foreign exchange earnings and to the economic development of the host country has

been relatively small. The capital inflows, including transfer of technology, resulting from the activities of multinational have often failed to create the anticipated employment opportunities for the local population. The machinery and equipment imported into the host country is typically-intensive, creating relatively few jobs. Secondary, repatriated profits and interest on loans impose strains on the host country's weak balance of payment position.

Thirdly, host governments have been less able to influence the investment decisions of large MNCs with head offices in the developed countries. At the same time, some corporations, fearful of potential nationalization and confiscation of their assets have been reluctant to invest large sums of money in less developed countries. Thus, the conflict of interest between the host countries and MNCs has been a major element in the decline in the rate of growth of the inflows of foreign exchange into less development countries from foreign private investment, thereby hindering economic development.

Index of foreign private investment

Year	Foreign Private Investment (₦ Million)	Year	Foreign Private Investment (₦ Millions)
1980	3620.10	1995	119391.60
1981	3757.90	1996	122600.90
1982	5382.80	1997	128331.90
1983	5949.50	1998	152410.90
1984	6418.30	1999	154190.40
1985	6804.00	2000	157508.60
1986	9313060	2001	161441.60
1987	9993.60	2002	166631.60
1988	11339.20	2003	178478.60
1989	10899.60	2004	249220.60
1990	10436.10	2005	324656.70
1991	12243.50	2006	481239.14
1992	20512.70	2007	552498.60
1993	66787.00	2008	399841.86
1994	70714.60	2009	441271.26

Source: Central Bank of Nigeria Statistical Bulletin 2009

2.5 Nigeria's Trade Policy and Export Promotion

Generally, trade policies can be characterized as outward oriented or inward oriented. Outward oriented trade policies provide measures which are neutral as regards production for the domestic market. These policies are neither discriminatory in favour of exports nor bias against import substitution, rather they favour tariffs over quantitative restrictions. On the other hand, inward oriented trade policies are those in which trade and industrial incentives are biased in favour of domestic production or against

foreign trade. Successive Nigerian governments have made some efforts over the years to grow the non-oil export trade by establishing supportive policies. Some of these policies include:

a) Protectionism policy, which was concerned with import substitution policy of industrialization with the aim of expanding the industrial base enhancing cash crops exports, encouraging farmers to expand their farms and increasing the production of cash crops. The ultimate goal was to protect domestic industries that were set up to produce import substitutes.

b) Trade liberalization policy: Trade policies of this era was aimed at deregulation, commercialization, privatization and liberalization of the economy in order to achieve greater openness and integration with the world economy and to tackle the challenges of imbalances in the economy thereby paving way for sustainable economic growth and development.

c) Export promotion policy: These policies are aimed at facilitating export promotion activities in the country in order to increase non-oil exports.

From the foregoing, the objectives of Nigeria's trade policy include:

i. To enhance the competitiveness of domestic industries with a view to encouraging local production and diversify exports.

ii. To create an environment conductive to increase foreign capital inflow, and the use of appropriate technologies in a way that will benefit the Nigerian industries.

To achieve these objectives, the trade reforms are designed to allow certain level of protection of domestic industries. In practice the tariff appeared with lower import duties on the raw materials and intermediate goods unavailable locally and relatively high import duties on finished goods that might compete with local production. While trade liberalization is being carried out both unilaterally and multi-laterally.

Nigeria, apart from being an original member of the World Trade Organization (WTO) in 1995; it has also spearheaded several regional integrations such as:

ii. African Economic Community (AEC) established in 1991.

iii. African Union (AU) which succeeded organization of African unity in 2000.

iv. New Partnership for African Development (NEPAD)

v. ECOWAS Trade Liberalization Scheme

vi. United State African Growth and Opportunity Act (AGOA) 2000.

These agreements and bodies are set up to achieve economic integration and trade at their various levels. Meanwhile, it was observed that Nigeria has not been able to exploit the opportunities available to it by the agreements and her membership from most of the trade organizations, especially in the area of non-petroleum exports.

2.5.1 **Exports as a Tool for Economic Growth**

Exports play an important role in the growth of any economy. As observed by Singh (2010), trade is one of the several catalysts of productivity and growth. Hence its contribution is contingent on its weight in the aggregate economic activity. The knowledge of this has helped many nations achieve economic growth and development. In the light of this, the Nigerian economy left import substitution policies for the export promotion strategies or export-led growth approach. Export promotion strategies or outward oriented strategies are policies that encourage exports, often through the free movement of capital, workers, enterprises and students. (Todaro and Smith 2009).

An export led growth strategy aims to provide producers with incentives to export their goods through various economic policies. These

strategies are aimed at increasing the level of national output in order to increase the volume of exports of the nation. The government encourages and helps to enhance the output of domestic industries for it to exceed the domestic demand so that the surplus can be sold in the international market for an inflow of foreign exchange.

Export promotion involves encouraging domestic production for exportation usually by providing incentives for the domestic producers. This could be in the form of tax cuts or holidays, subsidies, finding markets for such products, providing special loans. It is however important to note that this export promotion strategy rests upon diversification and expansion of non-exports (Dunn and Mutti 2004).

Furthermore, Abou-strait (2005) found out that exports of goods and services represent one of the most important sources of foreign exchange income that ease the pressure on the balance of payments and create employment opportunities. Similarly, Frankel and Romer (1999) opined that trade increases GDP which will ultimately increase the income per person. In other words, trade not only enhance economic growth but it is also a useful tool in achieving economic development provided there are other structural and institutional changes in the economy.

2.5.2 **The Structure of Nigeria's Exports**

The structure of Nigeria's exports has not been stable over the years. For example, in 1970, the total export earning stood at ₦885.4 Million with oil export accounting for about 57.6% while the share of non-oil export stood at 42.4%. Since then, the share of the non-oil exports has not been impressive. Again, in 1980 while the oil exports earning stood at 96.09%, non-oil export was 3.91%. Similarly, in 1990, oil export earning accounted for 97% while that of non-oil was 3% and in 2000, the total oil export earning stood at 95.72% while non-oil export was 4.28%.

The following table shows the structure of Nigeria's exports over the years.

The structure of Nigeria's Exports, 1970-2008 (₦ million)

Year	Oil Exports	Non-oil Exports	Total Exports	*% Share of Oil Exports	*% Share of Non oil Exports
1970	510	375.4	885.4	57.60	42.40
1971	953	340.4	1293.4	73.68	26.32
1972	1176.2	258	1434.2	82.01	17.99
1973	1893.5	384.9	2278.4	83.11	16.89
1974	5365.7	429.1	5794.8	92.60	7.40
1975	4563.1	362.4	4925.5	92.60	7.40
1976	6321.6	429.5	6751.1	93.64	6.36
1977	7072.8	557.9	7630.7	92.69	7.31
1978	5401.6	662.8	6064.4	89.07	10.93
1979	10166.8	670	10836.8	93.82	6.18
1980	13632.3	554.4	14186.7	96.09	3.91
1981	10680.5	342.8	11023.3	96.89	3.11
1982	8003.2	203.2	8206.4	97.52	2.48
1983	7201.2	301.3	7502.5	95.98	4.02
1984	8840.6	247.4	9088	97.28	2.72
1985	11223.7	497.1	11720.8	95.76	4.24
1986	8368.5	552.1	8920.6	93.81	619
1987	28208.6	2152	30360.6	92.91	7.09
1988	28435.4	2757.4	31192.8	91.16	8.84
1989	55016.8	2954.4	57971.2	94.90	5.10
1990	106626.5	3259.6	109886.1	97.03	2.97
1991	116858.1	4677.3	121535.4	96.15	3.85
1992	201383.9	4227.8	205611.7	97.94	2.06
1993	213778.8	4991.3	218770.1	97.72	2.28
1994	200710.2	5349	206059.2	97.40	2.60
1995	927565.3	23096.1	950661.4	97.57	2.43
1996	1286215.9	23327.5	1309543.4	98.22	1.78
1997	1212499.4	29163.3	1241662.7	97.65	2.35
1998	717786.5	34070.2	751856.7	95.47	4.53
1999	1169476.9	19492.9	1188969.8	96.36	3.64
2000	1920900.4	24822.9	1945723.3	95.72	4.28
2001	19733222.2	28008.6	2001230.8	95.60	4.40
2002	1787622	95046.1	1882668.1	94.95	5.05
2003	2829042.5	95092.5	2924135	94.75	5.25
2004	4489472.19	113309.35	4602781.54	93.54	6.46
2005	5266096.62	105955.82	6372052.44	93.34	6.66
2006	5619152.88	133594.86	5752747.74	94.68	5.32
2007	6530630.1	11200853.3	7731483.4	93.46	6.54
2008	7866590.0	1335960.0	9202550.0	92.54	7.46

Source: CBN Statistical Bulletin 2009

From the figures above, it is obvious that the oil sector has consistently maintained a dominant role in Nigeria's total exports while the non-oil sector has been fluctuating.

However, from the year 2000 there was a little increase in the percentage share of non-oil exports to oil exports. In 2005 while the oil export earning accounted for 93.34%, non-oil export was 6.46% which was a slight increase from the previous years. Furthermore, in 2008 the percentage share of oil export was 92.54% while that of non-oil export stood at 7.46% (CBN statistical Bulletin 2004 and 2009).

2.6 **Theoretical Framework**

2.6.0 **The System Theory**

The system theory was first developed in the biological and engineering sciences before it was adopted by social scientist in explaining social and organizational phenomena.

David Easton (1957) is usually credited with pioneering the application of the system approach to the analysis of the political process. He defines the political system as the system of interactions in any society through which binding or authoritative decisions are made or implemented. In the same vein, Daniel Katz and Robert Khan (1966) also used the open systems approach in studying the social psychology of organizations. The

major concepts involved in the systems theory can be summarized as follows:

i. A system can be perceived as a whole with various parts and their interdependent relationships.

ii. A system has its boundary and can be viewed in terms of its relationship with other systems.

iii. Systems have sub-systems and are also part of a supra system.

iv. A system can be regarded as either open or closed. According to Koontz, et'al (1980) a system is regarded as open if it exchanges information, energy or resources with its environment.

v. A system interacts with its environment in terms of process that involves input, conversion and output of energy, information and other resources. A system tends to modify itself through the process of information feedback from the environment.

2.6.1 **Justification for the Use of the Systems Theory**

The systems approach is a method or framework which helps us to analyze and explore the operation and interactions which exist in the systems around us. In other words, any arrangement which involves the handling, processing or manipulation of resources of whatever type can be represented as a system. Thus an organization like the Nigerian Export Promotion

Council (NEPC) can be seen as a system whereby people are grouped into sections and departments to process inputs as well as produce out puts of goods and services in order to fulfill the objectives of the organization.

For example, the mutual inter-dependence that exists between the different departments or units of the Nigeria Export Promotion Council (NEPC) is geared towards the attainment of the organizational goal which is to promote non-oil exports. Therefore, authority and decisions flows from the Board of directors to the Managing Director / Chief Executive Officer and subsequently to the different departments which include Admin and Human Resources, finance and supplies , trade information and incentives, as well as bilateral and multilateral relationship departments.

The system approach has many facets some of which are as follows:

i. All systems are composed of inter-related parts or sub-systems and the system can only be explained as a whole. This is known as holism or synergy which states that any whole is more than the sum of its individual parts.

ii. Systems are hierarchical in that the parts or sub-systems are made up of other smaller parts. Progressing down the hierarchy increases the detail but reduces the area whilst moving upwards provides a successively broader view.

iii. The sub-systems should work towards the goal of their higher systems and not pursue their own objectives independently.

From the foregoing, the various departments and units of NEPC are structurally arranged in such a hierarchical order where authority flows from the top to the bottom. Consequently, all the departments are expected to work in consonance with the laid down rules and regulations in order to ensure that the desired overall aim of the organization is achieved. Clearly stated policy directives for each department of the organization helps to facilitate the cordial relationship that exists between the various departments of the organization.

2.6.2 Application of the Systems Theory

As earlier mentioned, the system theory or approach is an inter disciplinary approach. For example David Easton (1957) considers the system as existing within the environment of other systems- physical, biological, social, economic etc which affects it and are in turn affected by the political system through continuous transactions and exchanges.

According to Easton, the political system functions by getting inputs from its environment. Inputs are events in the environment which evokes response from it. The inputs could be demands that values be allocated in a

particular way or they could be supports, that is, expressions of approval for particular decisions.

The inputs from the environment under-go a conversion process within the political system and come out as outputs, which are usually authoritative decision such as government policies, judicial decisions, Acts of parliaments promulgated by authorities. These authoritative outputs usually affect the environment as outcome and in turn stimulate some form of feedback that is, changes in the intensity and volume of demands and support from the environment.

From the foregoing, the systems approach is a method or framework which helps us to analyse and explore the operation and interactions which exist in the systems around us.

A system can be defined as an assembly of parts where:

i. The parts or components are connected together in an organized way

ii. The part or components are affected by being in the system

iii. The assembly does something or carries out a function

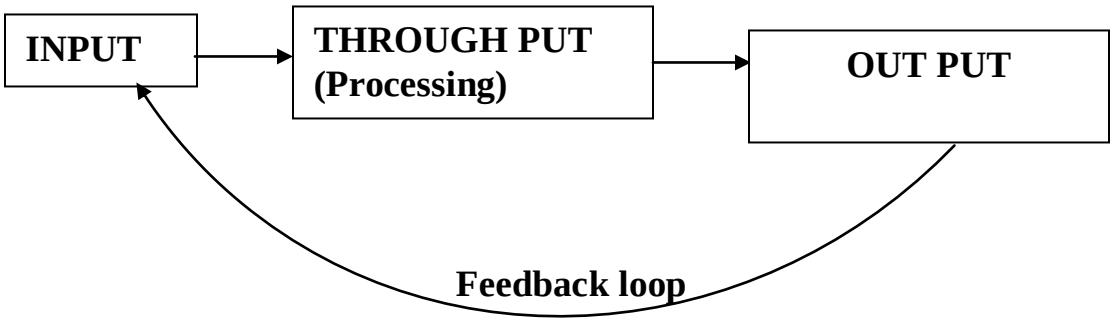
This definition contains the essential elements of parts, relationships and objectives. In effect any arrangement which involves the handling, processing or manipulation of resources of whatever type can be represented as a system.

Thus, a typical manufacturing company or service organization can be viewed as a system whereby people grouped into sections and departments process inputs to produce output of goods and services in order to fulfill the objectives of the organization.

In Nigeria, for example, the economic system does not just happen in a vacuum. It is often being shaped and influenced by policies of government. The political and economic system are therefore inter connected because the policies of government on imports and exports, investment, industrialization etc. will go a long way in affecting the economy either positively or negatively.

Below is a graphical illustration of the operation of a system.

Figure 1



Source: Terry Lucey, MIS (2005)

The above diagram shows the processes involved in any typical system where you have the input, the through-put and the output. The inputs are the resources, materials or information the organization needs in order to function effectively. With reference to NEPC, the inputs include

government's policies which may include the Export Expansion Grant (EEG), Manufacture-in-Bond Scheme (MIBS), policy on Foreign Direct Investment (FDI), Diversification of the economy, employment generation and poverty alleviation among others. Other inputs needed for the effective and efficient functioning of the organization include funding, technology, infrastructure, qualified staff, clients and quality management. The throughput on the other hand refers to the ability to judiciously utilize the resources received as inputs with the aim of achieving laid down objectives. With respect to the Nigerian Export Promotion Council (NEPC), the throughput process refers to the efficient and purposeful leadership of the management in order to achieve corporate objectives of the organization.

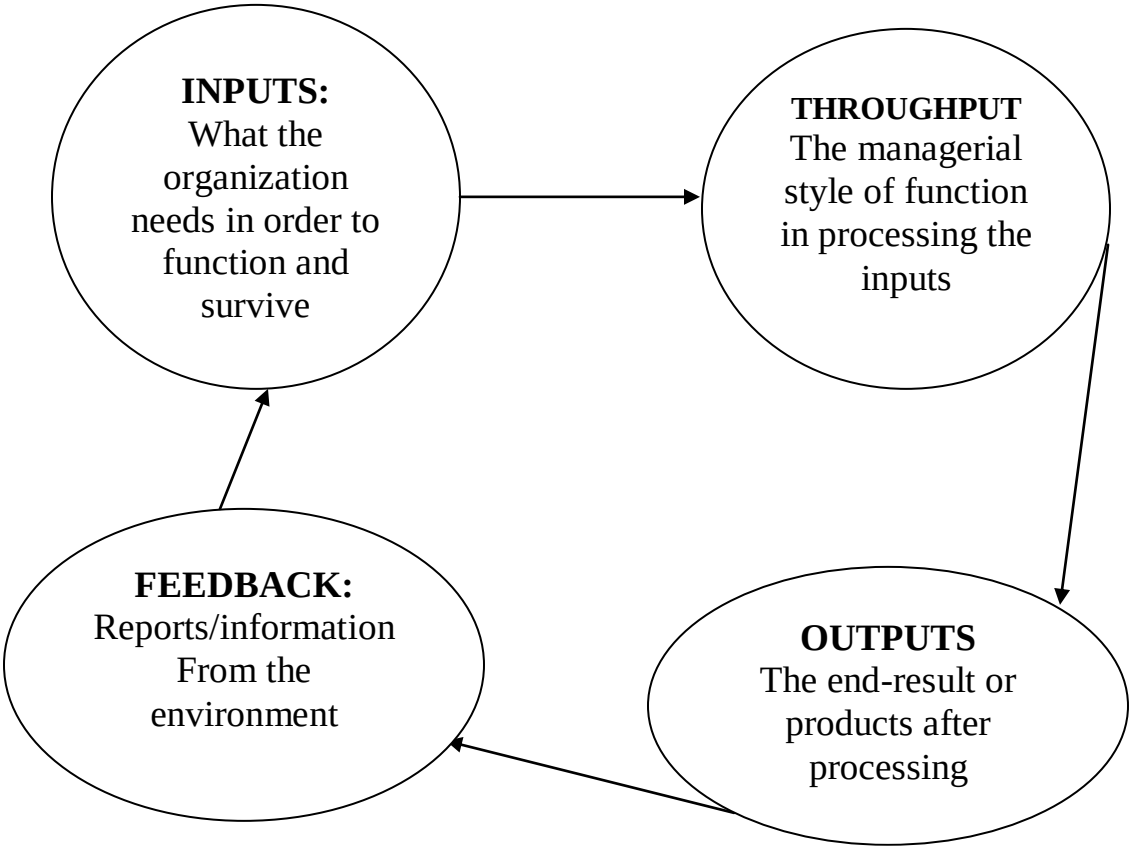
The output can be referred to as the end-result or products of the organization. To this end, the out puts NEPC include:

i. To promote exports.

ii. To encourage investors

iii. To increase government revenue.

The above discussion can further be illustrated thus:



The system transformation process
Source: Terry Lucey, Management Information System 2005

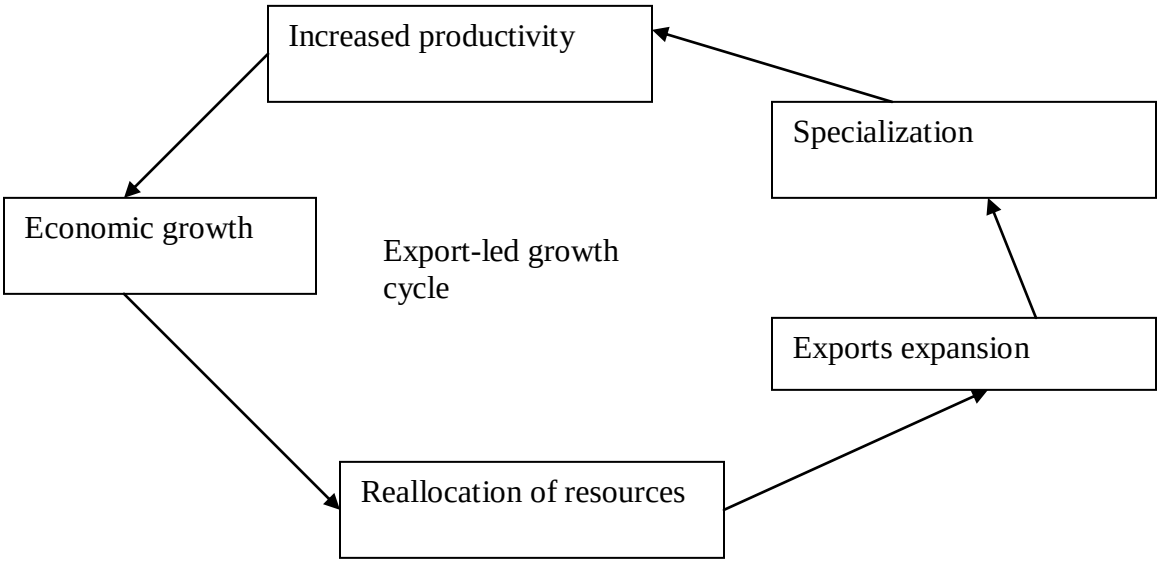
2.6.1 **Export-led-Growth Cycle**:

The export led growth cycle is founded on the benefits of trade as argued in various trade theories. Export led growth approach is part of the product and industry life cycle hypothesis describing economic growth that begin with the export of primary product (Giles and Williams, 2000)

Krugman (1987) argues that export expansion leads to an increase in the demand for a country's output, which in turn increases real output. The export expansion may also lead to economic growth productivity change resulting from specialization in the production of goods due for exports as a result of enhancement of skills in the sector and reallocation of resources from being in efficient towards more efficient sector which may lead to economic growth. Furthermore, export expansion gives access to new technologies and new management practices that are essential for economic growth, Kouass et'al (2004).

Just like the system theory, export led growth cycle is a chain reaction of the allocation of resources towards export expansion thus leading to specialization and increased productivity which will bring about economic growth in the long run. Therefore, one action or faults in the chain affect the other.

The export led growth cycle can be summarized as follows:



Export-led Growth cycle – Kouassi, 2004

2.7 Historical Background of the Nigerian Export Promotion Council (NEPC)

The Nigerian Export Promotion Council (NEPC) was established through the Nigerian Export Decree No. 26 of 1976 and formally inaugurated in March, 1977. This Decree was amended by decree No 72 of 1979 which introduced some slight changes in the membership of the governing council and made formal provision for the establishment amended by the Nigerian Export Promotion Act CAP 306 and decree No 41 of 1988 which resulted in the redefinition of it to properly spear head and sustain a dynamic export development programme and implement the various incentives contained in the export decree (Incentives and Miscellaneous provisions) decree No. 18

of 1966. Both decrees (No 41 of 1968 and 16 of 1986) Were further amended by decrees 64 and 65 of November 1992 respectively in order of enhance the quality of services rendered by the Council to the exporting community.

In 2005, the Council was again restructured and re-organized to make it more efficient and effective. The headquarters is in Abuja while zonal offices are in Akure, Lagos, Kano, Jos, Aba etc. The Council is headed by an Executive Director/CEO, while the Zones are headed by Zonal managers.

2.8 **Aim and Objectives of NEPC**

The aim of the Nigerian Export Promotion Council (NEPC) is to make the non-oil export sector a significant contributor to Nigerian's Gross Domestic product (GDP) through the facilitation of exports to promote sustainable economic development. The objectives include:

(a) To promote the development and diversification of Nigeria's export trade.

(b) To assist in promoting the development of export industries in Nigeria.

(c) To actively articulate and to promote the implementation of export policies and programmes of the Nigerian Government.

2.9 **Structural Formation of NEPC**

The Nigeria Export Promotion Council (NEPC) has the following structural formation

i. Board of Directors

ii. Managing Director/ Chief Executive Officer

iii. Company secretary / Legal Adviser

iv. Finance /supplies Department

v. Admin and Human Resources Department

vi. Zones and Technical Service Department

vii. Corporate strategy and promotion Department

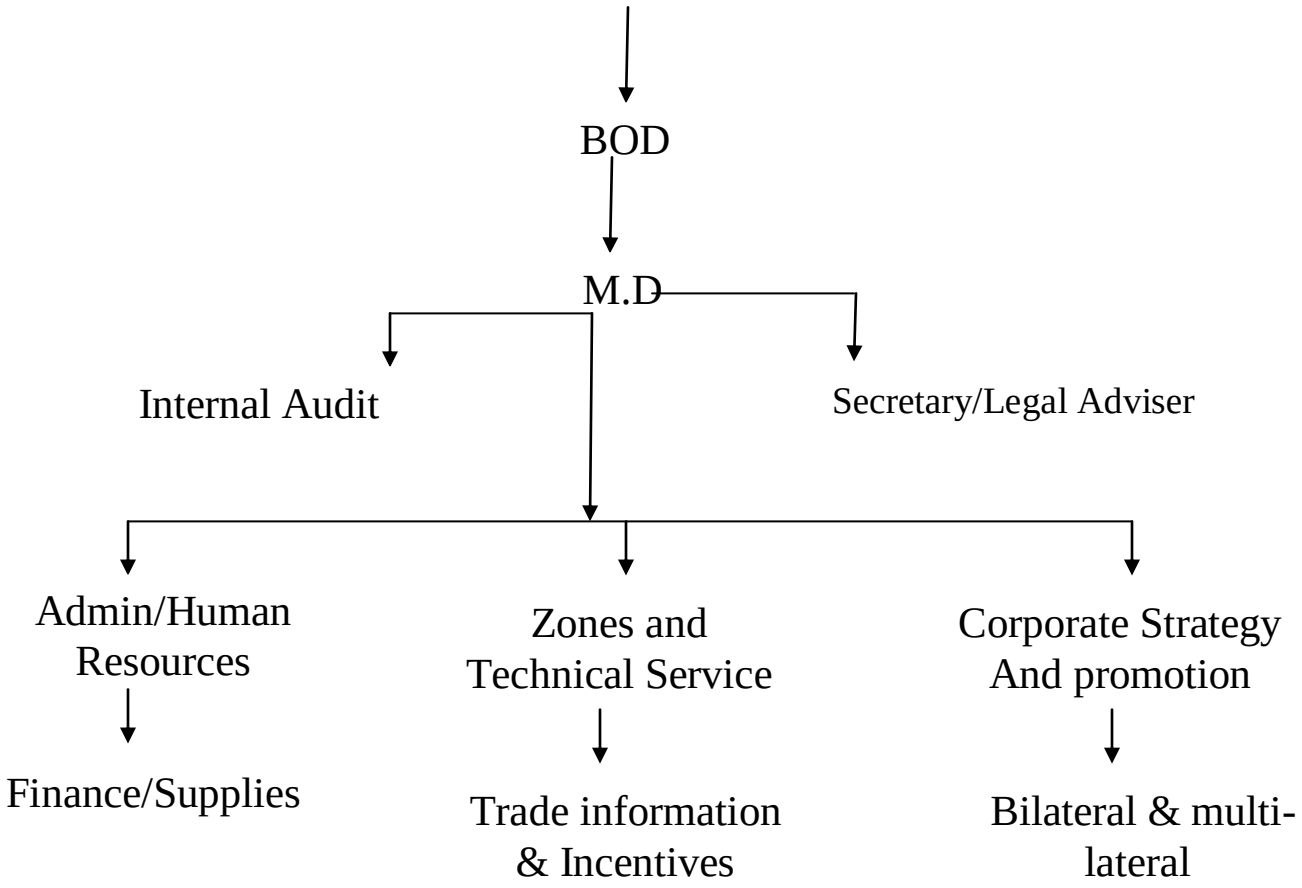
viii. Trade information and Incentives

ix. Bilateral and Multilateral Department

The Nigerian Export promotion Council (NEPC) is structurally patterned in order to show the relationship among positions in the organization and among members of the organization, its purpose is to ensure that there is division of labour among members of the organization as well as the coordination of activities for easy direction towards achieving corporate goals and objectives. The structure defines tasks and responsibilities work roles and inter-relationships as well as channels of communication.

The hierarchical structural relationship of the Nigeria Export Promotion Council shows that there is a top-down formal relationship which implies that authority and decisions flows from top down to the least workers.

ORGANISATIONAL CHART OF NEPC



Source: Nigerian Export promotion Council (NEPC) Abuja

2.10 **Operational Pattern of NEPC**

Decisions reached by the Board of Directors are passed on to the Managing Director for effective implementation. The managing Director subsequently passes on his directives to the various departments, sections or units for immediate compliance.

There is a vertical flow of authority from the top management level to the subordinates.

NEPC co-operates with the Trade Promotion organization of other countries; and liaises with Multilateral trade organizations such as International Trade centre (ITC), United Nations Development Programme (UNDP), Netherlands centre for the promotion of imports from developing countries, Danish import promotion office for products from developing countries (DIPO), Japan External Trade Organization (JETRO), Trade facilitation Office of Canada, (TFOC), World Bank etc, for the purposes of maximizing the benefits accruable to exporters in Nigeria.

The council also collaborates in different ways with other organizations such as Ministries, Trade Associations, Research Institutions, Banks, Private sector and Non-Governmental Organizations, in the development and promotion of non-oil exports.

2.11 Promotion Strategies of NEPC

The Nigerian Export Promotion Council (NEPC) carries out its promotion activities in the following ways.

i. Information Dissemination

One of the promotion strategies of NEPC is the dissemination of information to local manufacturers and exporters about foreign markets as well as products available for export. It also disseminates both domestic and worldwide commodity prices. It gives information briefs on countries, degree of market access and market structures as well as procedures for specific Nigerian products in target markets.

ii. Administration of Export Incentives

It is the responsibility of the Council to implement government incentives to qualified exporters. The following incentives are available to exporters through NEPC, namely

(a) Manufacture In-Bond Scheme

(b) Export Development Fund

(c) Export Expansion Grant

(d) ECOWAS trade liberalization scheme.

iii. **Trade Fairs and Exhibition**

Another promotion strategy of NEPC is by organizing trade fairs and exhibitions. It also engages in export promotion publicity. Furthermore, they plan and organize outward trade missions and as well provide support services to inward trade missions.

iv. **Bilateral and Multi-lateral Cooperation**

NEPC seeks to cooperate with other institutions on matters relating to export financing, export incentives and specialized services to exporters. It also seeks to establish specific trade promotion facilities in Nigeria and in other countries.

v. **Technical Assistance**

Provision of technical assistance to local exporters in such areas as export procedures and documentation, transportation, financing, marketing techniques, quality control, export packaging, costing and pricing, as well as publicity.

vi. **Human resources training and development**

The council organizes general seminars and workshops to enlighten exporters on new development in the export sector. It liaises with other training institutions (both local and international) on training matters generally.

2.12 Problems of NEPC and the Export Sector

The Nigerian Export Promotion Council (NEPC) being the apex agency for export Promotion is confronted with some of these challenges.

i. Inadequate Funding

One of the challenges of NEPC is inadequate funding. Specifically, the organization needs adequate funds to carry out its statutory responsibilities such as organizing trade fairs, workshops/seminars, training of staff etc. inadequate finance can hinder the attainment of the objectives of the organization.

ii. Inadequate ICT Infrastructure

Another problem confronting NEPC is the fact that information and communication technology (ICT) infrastructure is grossly inadequate. The need to have efficient information and communication technology facilities cannot be over-emphasized taking into consideration the important role the council plays in projecting the country to the international community. International business cannot thrive without the support of a dynamic efficient ICT.

iii. **Inconsistent man-power training and development**

Man power training and development is an indispensable aspect in most organizations. This implies that constant training and retraining of workers for effective and efficient service delivery cannot be over-emphasized. However, it has been observed that inconsistent man-power training and development of staff is one of the factors affecting the Nigerian Export Promotion Council. The quality of staff in an organization is considered as one of the organizations strength. How well they are deployed, how effective they are in performing their assigned tasks, and the extent to which their training needs have been assessed end addressed is of paramount importance.

iv. **Governments Inconsistent Policies on Export Trade.**

Due to the fact that governments are not usually stable for a long time. The tendency is that every new government would want to come up with a new policy and possibly abandon the previous policy. This lack of continuity in government's policy also affects parastatals and agencies like NEPC because every policy has its own goals and the means of achieving such goals. Therefore, inconsistent policies on exports is one of the problems affecting NEPC.

v. **Inadequate Incentives for Export Business**

Export business cannot thrive without the necessary incentives for exporters. In order to encourage export business in Nigeria, then the necessary incentives must be put in place to motivate people to invest into export business. Incentives like export development fund and export expansion grant are not readily available to exporters coupled with the tedious process involved in documentation for exportation and obtaining loans.

Furthermore, some of the problems affecting export expansion generally in Nigeria include the following.

a. **The High Cost of Doing Business**

The high cost of doing business in general and export business in particular is one major factor responsible for escalating production cost that can have the tendency of rendering Nigerian products uncompetitive, thus causing lower-priced imports to displace Nigeria products even in the local market, driving Nigerian products out of the external market and discouraging production in general as well as potential exporters from entering into export business thereby limiting expansion of the export sector. The factors which account for the cost escalation include:

i. Deficient road/rail network and port services

ii. Insufficient and unreliable supply of electric power, water, telecommunications and internet services.

iii. Inadequate security and protection of life and property;

iv. Insufficient and irregular supply of petrol and diesel

v. High cost of borrowing and difficult access to credit.

vi. Unstable exchange rate

vii. High cost of raw material inputs

viii. Complicated and costly port and custom clearance procedures

ix. Multiple taxation

x. Bottlenecks in government administration associated with regulation, control, application procedures and operation of public agencies.

b. **Dumping of Poor Quality Goods**

Trade liberalization may be good for economic efficiency. However, if it is not managed in a pro-development manner it can lead to destruction of domestic industry and other economic activities when industries are exposed to unrestrained, brutal and unfair competition and abuses in importation. Such malpractices include under-pricing, dumping of poor quality good and importation of fake and expired products and second-hand goods as well as smuggling. Sometimes

certain imported fake products, especially pharmaceutical, electrical goods and motor spare parts, are re-exported as Nigeria products to the sub-region, thus undermining the commercial and export image of Nigeria.

c. **Capacity Limitation of SMEs that Dominate the Export Sector.**

By their numerical strength, short and medium enterprises (SMEs) dominate the export sector as both exporters and potential exporters. However, the great majority of SMEs suffer from certain handicaps, namely:

i. Production capacity limitation
ii. Old and outmoded machinery and equipment with high operating costs.
iii. Inability to access institutional credit to replace equipment and modernize factory.
iv. Managerial and technological limitations.

Given that the identified handicap dominate the export sector, their solution or absence thereof is inextricable bound with the economic health and fate of the export sector.

d. **Inadequate product supply base in terms of quantity and range**

The basis of trade is production. You can only export what you have. In Nigeria the issue is how to translate the potential capacity into actual capacity and exportable products. This phenomenon is a reflection of a dysfunction in the local economic system.

e. **Inadequate access to information on export business**

A considerable amount of information is needed on a great variety of local issues on setting up and running a business and on compliance with regulatory requirements as well as simple information on "where and how to get this or that". Similarly, externally on identification of markets, market access requirements and foreign buyers as well as guide on prices to facilitate negotiation with buyers. In the absence of such important information, many prospective exporters out of frustration simply give up on business altogether or at best content themselves with local business, which is in fact in competition with export business.

f. **Prevalence of fraud and poor image of the country abroad**

The behaviour of certain Nigerian individuals and companies has earned Nigeria a bad name from fake products, scam, fraud etc making the country to suffer international erosion of confidence and

trust. Many countries are afraid to do business with Nigeria and this can impede efforts to expand exports.

2.13 Export Processing Zones in Nigeria

An Export Processing Zone (EPZ) is a special enclave outside a nation's normal custom barriers where foreign and domestic firms may manufacture or assemble goods for export without being subjected to the normal customs duties on imported raw materials and finished products present in that economy. Firms operating within the zone are normally exempted from industrial regulations. Examples of free zones in Nigeria are as follows:

S/No.	Free zone	Location	Sponsorship	Specialty
1.	Calabar free trade zone	Calabar	Fed. Govt.	Non-oil, & gas export, logistic services
2.	Kano free trade zone	Kano	Fed Govt.	Non-oil, light manufacturing, industries and logistic
3.	Maigatari border free zone	Maigatai Jigawa state	Jigawa state government	Non-oil export commodity warehousing & logistic services
4.	ALSCON EPZ	Ikot Abasi Akwa Ibom	Private/public	Aluminum smelting
5.	Lekki free trade zone	Ibeju lekki Area lagos state	Lagos state Govt.	Heavy & light industrial packaging logistic
6.	Lagos free trade zone	Lagos state	Eurochem technology Singapore (private sector sponsorship)	Petrochemical industries, oil & gas
7.	Tinapa free trade zone & tourism resort	Calabar	Cross-river state Govt. in partnership with the private sector .	Manufacturing distribution trading tourism & resorts
8.	Oil integrated logistic support services (OILLSS free trade zone)	Agbadi village badagry, lagos	Oil field ,ind. Support service Ltd. (private sector sponsorship)	Marine & logistic support service for offshore oil & repairs , logistics and fabrication.

9.	Olokola free trade zone	Olokola ondo state	Ondo & ogun state	Oil & gas Petro-chemical & non-oil export, deep sea port, fabrication.
10.	Snake island free zone	Lagos, lagos state	Nigerdock plc. (private sector sponsorship)	Oil & gas
11.	Onne oil& gas free trade zone	Onne	Private/public	Oil & gas
12.	Lagos deep offshore logistic support services free trade zone (LADOL)	Lagos	GRML	Logistic, oil & gas fabrication
13.	Ibom science & technology free trade zone	Uyo	Akwa ibom state	Science & technology
14.	Living spring free zone	Osogbo	Private/public	Manufacturing, assembling distribution packaging heavy & light industries
15.	Airline services free zone	Lagos	Private	Food processing packaging and export
16.	Abuja technology village free zone	FCT Abuja	Fed. Govt.	Technology
17.	Bass LNG free zone	Bayelsa	Private/public	LGN
18.	Kwara free trade zone	Ilorin LG	State Govt.	Export commodity warehousing and logistics
19.	Koko free trade zone	Delta state	State Govt.	Manufacturing
20.	Imo guandong FTZ	Imo	Private/public	Manufacturing
21.	Ogun guandong FTZ	Abeokuta	Private/public	Manufacturing
22.	Sebore farm FTZ	Adamawa	Private	Agro Allied/ agric processing
23.	Specialized industrial Railway FTZ	Ogun stte	Private/public	Cargo rail transport
24.	Banki border free trade zone	Banki borno state	Borno state Govt.	Non-oil, export commodity warehousing & logistic services.

Source: Nigeria Export Processing Zones Authority, (2010)

2.13.1 Purpose of the Free Zones

I. To build local prosperity through global business development.

II. To stimulate economic growth and development in an ever expanding global economy where there is intense competition among nations for jobs, industries and capital.

III. To enhance competitiveness of companies by encouraging them to have the necessary edge in order to expand their operations.

IV. To remove certain disincentives associated with industrial and commercial operations in Nigeria.

2.13.2 Main functions of the Nigeria free zones

a. To provide favourable and conducive environment in which operators can gain easy access to duty and tax free equipment, machinery, spare parts and raw materials for production, warehousing, repackaging, processing and export.

b. Infrastructure

c. corporate income tax exemption

d. Bureaucracy free environment for investors.

a. Some Non-oil Export Statistics

Sector/product	Quantity (M.T)	Value (US Dollar)	Percentage of total value
Cashewnut/kernel	2,026.20	2,066,163.42	0.32
Cocoa Beans	97,393.10	327,180,383	51.25
Cotton	2,223.60	9,591,009	1.50
Food stuff	113.80	232,254.48	0.04
Ginger	1,825.10	2,440,739.5	0.38
Gum Arabic	1,516.50	5,432,002	0.85
Palm produce	6,452.30	913,507.93	0.14
Sesame seeds	42,749.00	56,331,848	8.82
Sugar cane	85.10	54,9266.00	0.01
Hibiscus flowers	3,135.60	5,433,561.68	0.85
Yam tubers	15.30	3,050	
Raw agricultural commodities	160,535.60	409,679,445.57	64.1

Source: Nigerian Export Promotion Council, NEPC (2010)

b. Destination of Non-oil Export by Regional Group

Economic Group	Value (US &)	Percentage of Total
Africa	68.510 million	10.73
America	34.843 million	5.46
Asia	90.587 million	14.18
Europe	435.060 million	68.12
Middle East	9.708 million	1.52

Source: NEPC, 2010

c. Cumulative Data on the activities of some free trade zones

S/no	Free zone	Year of Establishment	Employment Generation	Value of investment US $
1.	Calabar free trade zone	1996	2775	889,010,537
2.	Kano free trade zone	2002	175	37,419,354.84
3.	Tinapa free zone & resort	2004	5,600	450,000,000
4.	Snake island DTZ	2005	1404	620,000,000
5.	Maigatari border FZ	2000	24	16,774,193.55
6.	Sebore farm EPZ	2001	117	32,894,736.80
7.	Ogun guarding FTZ	2008	1120	33,600,000

Source: NEPC, 2011

CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

Research Methodology is the process through which genuine and reliable answer to a problem is obtained through a planned and systematic method of data collection. (Olumeyan 2009). This chapter therefore describes the methodology employed for the research work which includes the population of the study, sample size and sampling technique, method of data collection and data analysis as well as justification of the method used.

3.2 Population of the Study

The population size of the study is three hundred and twenty four (324) male and female staff of the Nigerian Export Promotion Council (NEPC) in Abuja. This constitute the workforce or manpower that run the day to day affairs of the organization.

3.3 Sample Size and Sampling Technique

Sample size is the total number or elements of the population that are selected for closer study in the research. The larger the size of the sample, the more representation of the total population. (Morenikeji 1999). Therefore, the sample size for this study is 112, which is 35% of the total population.

The sampling technique used is the simple random or probability sampling method. This is a method of selecting a sample from a population so that each member of the population has an equal chance of being selected. It is a scientific way of selecting a sample from the population in such a way that you can calculate the exact extent to which the sample is a representation of the population.

3.4 Method of Data Collection

The sources of data which this research utilized are:

i. Primary Sources of Data

The primary sources of data were collected through interviews and the use of questionnaires. Interview is a face to face interaction in which one person (the interviewer) asks another person (the interviewee) questions which are responded to orally. Akuezunlo (1990).

Bearing this in mind, the researcher conducted a scheduled interview with some of the staff of the Nigerian Export Promotion Council which include both management and junior staff of the organization.

Another primary source of data used for the research is the administration of questionnaires.

A questionnaire is a set of questions relating to the aims and objectives of the study to which the respondents are required to

provide answers by writing their responses. The questions asked in the questionnaires were simple, short, direct and easy to understand.

The questionnaires returned are in the following categories:

a. Management staff = 30 out of 32 questionnaires distributed

b. Senior staff = 36 out of 39 questionnaires distributed

c. Junior staff = 38 out of 41 questionnaires distributed

Total = 104 112

The rate of return is determined using the following formular:

Rate of return: $\frac{\text{Total Number of questionnaires retrieved}}{\text{Total sample Drawn}} \times \frac{100}{1}$

$\frac{104}{112} \times \frac{100}{1} = 92.8\%$

ii. Secondary Sources of Data

The secondary sources of data include textbooks, journals, magazines, articles and official documents of the Nigerian Export Promotion Council NEPC.

3.5 Method of Data Analysis

In this research work, the method of data presentation and analysis will be the use of percentages, tabular presentation and total while chi-square (x^2) will be used to test the hypotheses.

i. **Percentage**: Is the rate or amount in each hundred. It is expressed as % and represented by this formular:

$$\frac{\text{No of Respondents}}{\text{Total number of respondents}} \times \frac{100}{1}$$

ii. **Chi- Square**: Is a non- parametric tool which does not depend on any set of rigid assumptions. It can be used in the following ways:

a. To make inference and test hypothesis about population variables.

b. To test the goodness or fit of distribution.

c. To test the discrepancy between the observed and the expected frequencies.

d. To find out the level of independence between two or more variables.

e. To test the degree of association between variables being studied.

The formular for chi-square is given as:

$$X^2 = \Sigma \frac{(fo-fe)}{fe}$$

where:

Σ- Summation

Fo- Observed frequency

Fe- Expected frequency

In chi-square analysis, the observed frequencies which is the actually derived scores from the field are compared with the expected frequencies which is the ideal or projective score.

Sources: Akuezuilo E.O (1990), Research Methodology and statistics.

Morenikeji, W (1999) Essentials of Research Methodology.

3.6 **Justification of the Method Used**

The researcher used these methods because of the following:

i. It is free from research bias.

ii. It is less expensive.

iii. Anonymity is usually claimed as in the case of questionnaires.

iv. It saves time and adds to knowledge.

CHAPTER FOUR

4.0 DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter focuses on the presentation and analysis of the data collected. The hypotheses formulated in chapter one shall be tested and interpreted in this chapter as well as the major findings in the study.

4.2 Respondent's profile/Data presentation

Respondents categorization

In terms of respondents categorization, tables one to five (1-5) below gives details.

Table 4.2.1 Respondents categorization according to age

Age Brackets	**No of Respondents**	**Percentage**
18-25 years	07	6.8
16-30 years	38	36.5
31-40 years	43	41.4
41 years and above	16	15.3
Total	104	100

Source: Researcher's survey, 2014

From the table above 7 representing 6.8% of the respondents are in the category of 18-25 years, 38 representing 36.5% fall between 26-30 years while 43 representing 41.4% of the respondents were between 31-40 years and 16 representing 15.3% of the respondents are above 41 years old. The

figures above shows that most of the respondents are between the ages of 26 and 40 which implies that they are matured enough to understand the topic of discussion and make useful contribution.

Table 4.2.2 Respondents categorization by sex

Respondents	**Frequency**	**Percentage**
Male	79	75.9
Female	25	24.1
Total	104	100

Source: Researcher's survey, 2014

From the table above, it can be deduced that 79 representing 75.9% of the respondents are males while 25 representing 24.1% of the respondents are females. It therefore shows that majority of the workers at NEPC are males.

Table 4.2.3 Occupational status.

Status	**Frequency**	**Percentage**
Management staff	30	28.8
Senior staff	36	34.7
Junior staff	38	36.5
Total	104	100

Source: Researcher's survey, 2014

The table above shows the occupational status of the respondents. 30 representing 28.8% of the respondents are management staff, while 36

representing 34.7% of the respondents are senior staff and 38 representing 36.5% of the respondents are junior staff of NEPC.

This shows that there is a sizable number of respondents from each cadre which will give room for a healthy cross fertilization of ideas on the issues discussed.

Table 4.2.4 Educational qualification

Status	**Frequency**	**Percentage**
Masters degree and above	12	11.8
First degree	63	60.5
HND	16	15.3
OND	09	8.6
SSCE	04	3.8
Total	104	100

Source: Researcher's survey, 2014

From the table above, 12 representing 11.8% of the respondents are holders of Masters Degree and above, 63 representing 60.5% have First Degree. Again, 16 representing 15.3% have the Higher National Diploma (HND) while 9 representing 8.6% holds the National Diploma and 4 representing 3.8% have SSCE. This clearly shows that majority of the respondents are graduates of higher institutions which implies that they are knowledgeable enough to contribute to the topic of discussion.

Table 4.2.5 Respondent's categories according to period of service.

Period	Frequency	Percentage
0-5 years	18	17.3
6-10 years	44	42.3
11-15 years	28	26.9
16 and above	14	13.5
Total	104	100

Source: Researcher's survey, 2014

The table above shows that 18 representing 17.3% are workers whose periods of experience ranges from 0-5 years while 44 representing 42.3% of the respondents have 6-10 years work experience. Again 28 respondents representing 26.9% have 11-15 years experience while 14 representing 13.5% respondents have over 15 years of working experience.

This shows that majority of the respondents have over 6 years of working experience and can therefore make their own contribution to the issues discussed.

Table 4.2.6 NEPC'S programmes encouraging export promotion.

Responses	Frequency	Percentage
Yes	78	75.1
No	12	11.5
No idea	14	13.4
Total	104	100

Source: Researcher's survey, 2014

The table above shows that 78 representing 75.1% of the respondents acknowledged that the programmes of the Nigeria Export Promotion Council (NEPC) will encourage export promotion while 12 representing 11.5% of the respondents said the programmes of NECP will not encourage exports and 14 representing 13.4% of the respondents claimed they have no idea.

From the data above, it shows that a greater number of the respondents are of the opinion that the programmes of NEPC will encourage export promotion.

Table 4.2.7 Promoting export activities

Responses	**Frequency**	**Percentage**
Yes	69	66.3
No	22	21.1
No idea	13	12.6
Total	104	100

Source: Researcher's survey, 2014

From the table above, 69 representing 66.3% of the respondents are of the opinion that there is the need to promote export activities in Nigeria while 22 representing 21.1% are of contrary opinion and 13 representing 12.6% of the respondents said they have no idea.

This implies that majority of the respondents agreed that there is a need to promote export activities in Nigeria in order to have a favourable balance of trade.

Table 4.2.8 Activities that can greatly encourage export.

Responses	**Frequency**	**Percentage**
Information dissemination	22	21.2
Trade fair exhibition	17	16.4
Implementing government incentive	30	28.8
All of the above	33	31.7
Total	104	100

Source: Researcher's survey, 2014

The table above shows that 22 representing 21.2% acknowledged that information dissemination will greatly encourage export while 17 representing 16.4% of the respondents are of the opinion that trade fair exhibition can greatly encourage export while 30 representing 28.8% said that implementing government incentives will go a long way in encouraging export and 33 representing 31.7% all the following activities combined together will greatly encourage while 2 representing 1.9% claimed they have no idea.

The figures above depicts that majority of the respondents are of the opinion that a combination of different activities like information

dissemination, trade fair exhibition implementing government incentives etc can greatly encourage exports.

Table 4.2.9 Challenges of non-oil exports

Responses	**Frequency**	**Percentage**
Inadequate capital	24	23.3
Lack of relevant information	14	13.4
Competitors	11	10.5
Market penetration challenge	13	12.6
Others	7	6.7
All of the above	32	30.7
No idea	03	2.8
Total	104	100

Source: Researcher's survey, 2014

From the table above, 24 representing 23.3% of the respondents acknowledged that inadequate capital is a major challenge of non-oil export while 14 representing 13.4% of the respondents agreed that lack of relevant information is a major challenge affecting non-oil export while 11 representing 10.5 are of the opinion that the activities of competitors is a challenge to non-oil exports. Again, 13 representing 12.6% of the respondents sees inability to penetrate other markets is a major challenge of non-oil exports where as 7 representing 6.7% observed that there are other factors affecting non-oil exports and 32 representing 30.7% agreed all the

items listed are the major challenges affecting non-oil exports and 3 representing 2.8% claimed they have no idea.

The following data show that the challenges of non-oil exports are many.

Table 4.2.10 Rate of non-oil export in Nigeria

Responses	**Frequency**	**Percentage**
Above average	10	9.7
Average	28	26.9
Below average	55	52.8
No idea	11	10.6
Total	104	100

Source: Researcher's survey, 2014

From the table above, 10 representing 9.7% of the respondents agreed that the rate of non-oil export in Nigeria is above average while 28 representing 26.9% of the respondents acknowledged that the rate of non-oil export in Nigeria is averages. However, 55 representing 52.8% said the rate of non-oil export in Nigeria is below average and 11 representing 10.6% claimed they had no idea.

The figures above shows that majority of the respondents believe that non-oil exports in Nigeria needs to be boosted.

Table 4.2.11 Does NEPC play a critical role in promoting non-oil exports.

Responses	Frequency	Percentage
Yes	78	75.2
No	12	11.5
No idea	14	13.3
Total	104	100

Source: Researcher's survey, 2014

From the table above, 78 representing 75.2% of the respondents acknowledged that NEPC plays a critical role in promoting non-oil exports while 12 representing 11.5% of the respondents are of the opinion that NEPC does not play a critical role in promoting non-oil exports and 14 representing 13.3% of the respondents claimed they have no idea.

The figures above shows that majority of the respondents are of the opinion that the Nigerian Export Promotion Council (NEPC) actually play a critical role in promoting non-oil exports.

Table 4.2.12 Problems affecting NEPC

Responses	**Frequency**	**Percentage**
Shortage of funds	21	20.3
Inadequate staff	07	6.7
Lack of motivation	18	17.4
Government interference	11	10.6
All of the above	40	38.4
None of the above	03	2.8
No idea	04	3.8
Total	104	100

Source: Researcher's survey, 2014

From the table above, 21 representing 20.3% of the respondents acknowledge that shortage of funds is one of the problems affecting NEPC. While 7 representing 6.7% said inadequate staff is the major problem affecting NEPC. Again, 18 representing 17.4% of the respondents agreed that lack of motivation is the problem affecting NEPC while 11 representing 10.6% said Government interference affects NEPC. However, 40 representing 38.4% of the respondents said that all the problems listed are the ones actually affecting NEPC. Again, 3 representing 2.8% of the respondents said none of the issues raised is actually affecting NEPC while 4 representing 3.8% claimed they have no idea.

The figures above show that the problems affecting NEPC are many.

Table 4.2.13 Any cordial relationship between management and staff of NEPC

Responses	Frequency	Percentage
Yes	71	68.2
No	24	23.1
No idea	09	8.7
Total	104	100

Source: Researcher's survey, 2014

From the table above, 71 representing 68.2% of the respondents agreed that there is a cordial relationship between the management and staff of the Nigerian Export Promotion Council, while 24 representing 23.1 acknowledged that there is no cordial relationship between the management and staff of NEP. However, 9 representing 8.7% of the respondents claimed they had no idea.

The figures above show that most of the staff of NEPC are of the opinion that there is a harmonious relationship between the management team and other staff.

Table 4.2.14 Rate of training and re-training of staff.

Responses	Frequency	Percentage
Quite often	33	31.7
Not often	37	35.5
Rare	24	23.2
Not available	08	7.7
No idea	02	1.9
Total	104	100

Source: Researcher's survey, 2014

From the table above 33 representing 31.7% of the respondents acknowledged that the training and retraining of the staff of the Nigeria Export promotion Council (NEPC) is frequently carried out while 37 representing 35.5% of the respondents agreed that training and retraining of the staff of NEPC is not frequently done. Again 24 representing 23.2% of the respondents opined that training is rarely done for the staff where as 8 representing 7.7% of the respondents said training programmes are available at NEPC while 2 representing 1.9% of the respondents claimed they had no idea of a training programme for staff.

The data above shows that majority of the staff of NEPC agreed that training programmes exists in NEPC. However, it is not carried out regularly.

Table 4.2.15 Nigerian goods meeting with international standards.

Responses	Frequency	Percentage
Yes	38	36.6
No	55	52.9
No idea	11	10.5
Total	104	100

Source: Researcher's survey, 2014

From the table above, 38 representing 36.6% of the respondents agreed that Nigerian goods are actually meeting with international standards while 55 representing 52.9% of the respondents are of the opinion that Nigerian goods are not meeting with international standards and 11 representing 10.5% of the respondents claimed that the have no idea on the issue raised.

The figures above shows that over 50 percent of the respondents are of the view that made in Nigeria goods are not meeting up with international standards.

Test of Hypothesis One

Here, the null and alternative hypothesis shall be tested using the chi-square (X^2) statistical method.

The decision rule is that when the calculated or computed value of chi-square is greater than the tabulated or critical value, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1), and vice versa.

The formular for X^2 is given by:

$$X^2 = \frac{E(fo - fe)^2}{fe}$$

Where:

E = Summation

fo = Observed frequency

fe = Expected frequency

The degree of freedom (df) is calculated as df = (r-1) (c-1)

Where

r = Number of rows

c = Number of columns

From the hypothesis postulated in Chapter One:

Null hypothesis (H_0): that there is no significant relationship between NEPC programmes and export promotion.

Alternative hypothesis (H_1): that there is a significant relationship between NEPC programmes and export promotion.

Observed Frequency

Response grading	Management staff	Senior staff	Junior staff	Total
Yes	24	27	25	76
No	05	07	09	21
No idea	01	02	04	07
Total	30	36	38	104

Expected frequency

$$Fe = \frac{\text{Total Row X Total Column}}{\text{Total Population}}$$

Management staff (Yes) $= \frac{30 \times 76}{104} = 21.9$

Senior staff (Yes) $= \frac{36 \times 76}{104} = 26.4$

Junior staff (Yes) $= \frac{38 \times 76}{104} = 27.7$

Management staff (No) $= \frac{30 \times 21}{104} = 6.1$

Senior staff (No) $= \frac{36 \times 21}{104} = 7.3$

Junior staff (No) $= \frac{38 \times 21}{104} = 7.6$

Management staff (No idea) $= \frac{30 \times 7}{104} = 2.0$

Senior staff (No idea) $= \frac{36 \times 7}{104} = 2.4$

Junior staff (No idea) = $\frac{38 \text{ X } 7}{104}$ = 2.5

Expected Frequency

Response grading	**Management staff**	**Senior staff**	**Junior staff**	**Total**
Yes	21.9	26.3	27.8	76
No	6.1	7.3	7.6	21
No idea	2.0	2.4	2.6	07
Total	30	36	38	104

$X^2 = \frac{(fo - fe)^2}{fe}$

Cell No	Fo	Fe	Fo-fe	$(fo\text{-}fe)^2$	$\frac{(fo - fe)^2}{fe}$
1	24	21.9	2.1	4.41	0.20
2	27	26.3	0.7	0.49	0.09
3	25	27.0	-2.8	7.84	0.28
4	05	6.1	-1.1	1.21	0.19
5	07	7.3	-0.3	0.09	0.01
6	09	7.6	1.4	1.96	0.25
7	01	2.0	-1.0	1.0	0.50
8	02	2.4	-0.4	0.16	0.06
9	04	2.6	1.4	1.96	0.75
					3.77

The degree of freedom is calculated as:

df = (r-1 (c-1)

= (3-1) (3-1)

= 4

Testing at 0.95 level of significance with (df) 4, it gives 0.711

Decision Rule

Critical value of chi-square (X^2) = 0.711

Calculated value of chi-square (X^2) = 3.77

Since the calculated chi-square value of 3.77 is greater than the critical chi-square value of 0.71, we accept the alternative hypothesis (H_1) and reject the null hypothesis (H_0).

Therefore, the null hypothesis which states that there is no significant relationship between NEPC's programmes and export promotion is rejected while the alternative hypothesis which states that there is a significant relation between NEPC's programmes and export promotion is accepted.

Table 4.2.16 Is the government doing enough with regards to non-oil exports.

Responses	Frequency	Percentage
Yes	17	16.3
No	73	70.2
No idea	14	13.5
Total	104	100

Source: Researchers survey, 2014

From the table above 17 representing 16.3% of the respondents acknowledged that government is doing enough with regards to non-oil export promotion while 73 representing 70.2% of the respondents agreed that government is not doing enough with regards to non-oil export promotion and 14 representing 13.5% of the respondents claimed ignorance.

The figures above shows that majority of the respondents are of the opinion that government has not done enough in promoting export business in the country.

Table 4.2.17 Nigerian environment conducive for export business.

Responses	Frequency	Percentage
Yes	32	30.8
No	63	60.6
No idea	09	8.6
Total	104	100

Source: Researcher's survey, 2014

From the table above, 32 representing 30.8% of the respondent acknowledged that the Nigerian environment is conducive for export business while 63 representing 60.6% agreed that the Nigerian environment is not conducive for export business while 9 representing 8.6% of the respondents claimed they have no idea of about the issue raised.

The figures above shows that majority of the respondents believe the Nigerian environment is not conducive for export business.

Table 4.2.18 Inflation rate affecting exports.

Responses	**Frequency**	**Percentage**
Yes	60	57.7
No	32	30.8
No idea	12	11.5
Total	104	100

Source: Researcher's survey, 2014

From the table above, 60 representing 57.7% of the respondents agreed that the rate of inflation can affect export business in the country, while 32 representing 30.8% of the respondents acknowledged that inflation rate will not necessarily affect export business in Nigeria. Again, 12 representing 11.5% of the respondents claimed they have no idea about the issue discussed.

The figures above shows that majority of the respondents are of the opinion that the rate of inflation on the country can affect export business either positively or negatively.

Table 4.2.19 Government policy on investment favourable to export growth.

Responses	**Frequency**	**Percentage**
Yes	33	31.7
No	58	55.7
No idea	13	12.6
Total	104	100

Source: Researchers survey, 2014

From the table above, 33 representing 31.7% of the respondents acknowledged that government policy on investment is favourable to export growth while 58 representing 55.7% of respondents were of the opinion that government policy on investment is not favourable to export growth and 13 representing 12.6% of the respondents claimed they have no idea.

The figures above shows that majority of the respondents agreed that government policy on investment is not favourable to export growth.

Table 4.2.20 Increase in credit facilities encouraging exports in Nigeria.

Responses	Frequency	Percentage
Yes	61	58.7
No	28	26.9
No idea	15	14.4
Total	104	100

Source: Researcher's survey, 2014

From the table above, 61 representing 58.7% of the respondents said increase in credit facilities will go a long way in encouraging export business in Nigeria while 28 representing 26.9% of the respondents agreed that increase in credit facilities will not necessarily encourage export business in Nigeria and 15 representing 14.4% of the respondents claimed they have no idea.

The figures above shows that majority of the respondents believe that provision of credit facilities can boost export business in Nigeria.

Table 4.2.21 Merging NEPC with other export related agencies.

Responses	Frequency	Percentage
Yes	27	25.9
No	71	68.4
No idea	06	5.7
Total	104	100

Source: Researcher's survey, 2014

From the table above, 27 representing 25.9% of the respondents acknowledged that merging of the Nigerian Export Promotion Council with other export related agencies can increase export activities while 71 representing 68.4% of the respondents believe that merging NEPC with other export related agencies will not promote export activities.

However, 6 representing 5.7% of the respondents claimed that have no idea.

From the figures above, one can deduce that majority of the respondents want NEPC to stand on its own as an agency responsible for export promotion and not to be merged together with other export related agencies.

Table 4.2.22 Need to strengthen ICT for wider coverage of NEPC activities.

Responses	**Frequency**	**Percentage**
Yes	84	80.8
No	17	16.4
No idea	03	2.8
Total	104	100

Source: Researcher's survey, 2014

From the table above, 84 representing 80.3% of the respondents said there is need to strengthen the information and technological capacity of NEPC for wider coverage, while 17 representing 16.4% are of the opinion

that what is already available is good enough to promote export activities. But 3 representing 2.8% of the respondents claimed they have no idea.

The figures above depicts that majority of the respondents believe that there is need to strengthen the ICT potentials of NEPC in order to facilitate export activities.

Table 4.2.23 State of Nigeria's export trade.

Responses	**Frequency**	**Percentage**
Favourable	21	20.2
Unfavourable	69	66.4
No idea	14	13.4
Total	104	100

Source: Researchers survey, 2014

From the table above, 21 representing 20.2% of the respondents acknowledged that the state of Nigeria's export trade is favourable. Again, 69 representing 66.4% of the respondents said that the state of Nigeria's export trade is unfavorable. But 14 representing 13.4% of the respondents claimed they have no idea.

The figures above shows that majority of the respondents believe that the state of Nigeria export trade is unfavourable.

Test of Hypothesis Two

Here, the null and alternative hypothesis shall be tested using the chi-square (X^2) statistical method. The decision rule is that when the calculated or computed value of chi-square is greater than the tabulated or critical value, we reject the null hypothesis (H_0) and accept the alternative hypothesis (H_1). Conversely, when the tabulated or critical value of chi-square is greater than the calculated value, we accept the null hypothesis (H_0) and reject the alternative hypothesis (H_1).

The formular for X^2 is given as:

$$X^2 = \Sigma\frac{(fo - fe)^2}{fe}$$

Where:

E = Summation

Fo = Observed frequency

Fe = Expected frequency

The degree of freedom (df) is calculated as df = (r-1) (c-1)

r = Number of rows

c = Number of columns

From the second hypothesis postulated in chapter one .

H_0 – That there is no significant relationship between government incentives and export growth.

H_1 – That there is a significant relationship between government incentives and export growth.

Observed frequency

Response grading	**Management staff**	**Senior staff**	**Junior staff**	**Total**
Yes	26	25	23	74
No	02	08	10	20
No idea	02	03	05	10
Total	30	36	38	104

Expected frequency

$$Fe = \frac{\text{Total Row X Total Column}}{\text{Total Population}}$$

$$\text{Management staff (Yes)} = \frac{30 \times 74}{104} = 21.3$$

$$\text{Senior staff (Yes)} = \frac{36 \times 74}{104} = 25.6$$

$$\text{Junior staff (Yes)} = \frac{38 \times 74}{104} = 27.1$$

$$\text{Management staff (No)} = \frac{30 \times 20}{104} = 5.7$$

$$\text{Senior staff (No)} = \frac{36 \times 20}{104} = 6.9$$

$$\text{Junior staff (No)} = \frac{38 \times 20}{104} = 7.4$$

Management staff (No idea) = $\frac{30 \text{ X } 10}{104}$ = 2.8

Senior staff (No idea) = $\frac{36 \text{ X } 10}{104}$ = 3.5

Junior staff (No idea) = $\frac{38 \text{ X } 10}{104}$ = 3.7

Expected Frequency

Response grading	**Management staff**	**Senior staff**	**Junior staff**	**Total**
Yes	21.3	25.6	27.1	74
No	5.9	6.9	7.2	20
No idea	2.8	3.5	3.7	10
Total	30	36	38	104

$$X^2 = \frac{(fo - fe)^2}{fe}$$

Cell No	Fo	Fe	Fo-fe	$(fo\text{-}fe)^2$	$\frac{(fo - fe)^2}{fe}$
1	26	21.3	4.7	22.09	1.03
2	25	25.6	-0.6	0.36	0.01
3	23	27.1	-4.1	16.81	0.62
4	02	5.9	-3.9	15.21	2.57
5	08	6.9	1.1	1.21	0.17
6	10	7.2	2.8	7.84	1.08
7	02	2.8	-0.8	0.64	0.22
8	03	3.5	-0.5	0.25	0.07
9	05	3.7	1.3	1.69	0.45
					6.22

The degree of freedom is calculated as:

df = (r-1) (c-1)

= (3-1) (3-1)

= 4

Testing at 0.95 level of significance with (df) 4, it gives 0.71

Decision Rule

Critical value of chi-square (X^2) = 0.71

Calculated value of chi-square (X^2) = 6.22

Since the calculated chi-square value of 6.22 is greater than the critical chi-square value of 0.71, we reject the null hypothesis and accept the alternative hypothesis (H_1)

Therefore, the alternative hypothesis which states that there is a significant relationship between government incentives and export growth is accepted while the null hypothesis which states that there is no significant relationship between government incentives and export growth is rejected.

4.3 Major Findings

The major findings of the study include the following:

i. The Nigeria. Export Promotion Council (NEPC) undertakes a range of export-related promotional activities and provides to exporters support services such as administration of export incentives, organizing trade

fairs and exhibitions, providing trade information service, organizing export seminars among others.

ii. The slight increase of non-oil exports is low compared to oil exports in Nigeria which implies that the oil sector still plays a dominant role in Nigeria's foreign trade.

iii. The quality of staff of NEPC is considered one of the Council's strengths. However, the training and re-training of staff needs to be seriously encouraged.

iv. Export Promotion and development functions of the council are constrained from being carried out effectively due to lack of adequate and reliable funding and well articulated strategies.

v. The apparent limited penetration of export markets by a significant number of Nigerian companies indicates, among other things, that entry barriers remain a major hindrance to Nigeria's export growth.

vi. Export promotion is a multi-dimensional activity that requires the collaboration of other relevant government agencies like the banking industry, customs as well as the standards organization of Nigeria.

CHAPTER FIVE

5.0 SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

This study examined the role of the Nigerian Export Promotion Council in export promotion. The various promotion strategies employed by the council as well as its challenges.

Export trade is generally characterized by keen competition, and the desire to meet international standards which makes it mandatory for countries like Nigeria to critically examine the trend of non-oil exports with the view to boosting the business.

International trade brings gains to a nation which acts as stimulus to growth. Consequently, efforts have been made over the years by Nigerian governments to grow the non-oil sector of the economy by initiating supportive policies and incentives in order to encourage the diversification of the economy. However, the non-oil sector has performed below expectation over the years.

5.2 Conclusion

Most developing countries make export promotion and development a priority in order to achieve economic development goals. Governments expect that sustained export promotion and development efforts will help

earn additional foreign exchange needed to cover the cost of imports, solve balance of payments problems, help reduce the burden of increased foreign indebtedness and create additional employment to the people.

However, Nigeria is yet to fully enjoy the benefits of diversification due to the fact that non-oil export business is yet to be fully developed. The challenges controlling export trade in Nigeria are numerous and have negative impact on the economy.

Besides, the Nigerian Export Promotion Council (NEPC) which is government's apex agency that is responsible for export promotion activities as well as the dissemination of government incentives is also affected by certain constraints.

5.3 **Recommendation**

Based on the findings of this study, the following recommendations are advanced.

1. The Nigerian Export Promotion Council is the lead institution for implementation of the export strategy and must be empowered to undertake this task effectively. Various statutory export support funds and export development funds that have been ear-marked for development of non-oil exports and for supporting specific operations of NEPC should be released.

2. There is the need to refocus and prioritize NEPC's services in a manner that reflects the priority needs and demands of its clients in the export sector.
3. NEPC should be provided with the requisite information and communication technology (ICT) system networked in all the zonal offices and linked to the Headquarters hub for fast access to and dissemination of information.
4. NEPC should be re-engineered to reflect the market driven services that it has set out to provide. Similarly, staff training should be based as the priority needs of the clients, so that staff is empowered to be service oriented.
5. Based on the statutory provisions of its establishment and the radically changed international trading environment, the objectives and functions of NEPC should be revisited to align them to the dynamic trade environment of today.
6. Government should provide more incentives and create the enabling environment in order to attract more people into the export business.

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